

MINUTES
of the
FIFTH MEETING IN 2006
of the
WELFARE REFORM OVERSIGHT COMMITTEE
October 10 - 11, 2006
Room 307, State Capitol

The fifth meeting of the Welfare Reform Oversight Committee was called to order by Representative Luciano "Lucky" Varela, chair, on Tuesday, October 10, at 10:20 a.m. at the State Capitol. All handouts are in the meeting file.

Present

Rep. Luciano "Lucky" Varela, Chair
Sen. Linda M. Lopez, Vice Chair
Sen. Sue Wilson Beffort
Rep. Nick L. Salazar
Rep. Jim R. Trujillo
Rep. Gloria C. Vaughn

Absent

Sen. Clinton D. Harden, Jr.
Rep. Irvin Harrison
Rep. Larry A. Larranaga
Sen. Steven P. Neville
Sen. Gerald Ortiz y Pino
Sen. John Pinto

Advisory Members

Rep. Ernest H. Chavez
Rep. Kandy Cordova
Sen. Dianna J. Duran
Rep. Miguel P. Garcia
Sen. John C. Ryan
Rep. Edward C. Sandoval
Rep. Mary H. Skeen

Sen. Ben D. Altamirano
Rep. Richard P. Cheney
Rep. Candy Spence Ezzell
Rep. Daniel R. Foley

Staff

Jennie Lusk
Pamela Ray
Ramona Schmidt
Carrie McGovern

Guests

The guest list is in the meeting file.

Tuesday, October 10

Welcome

The chair introduced and welcomed Representative Mary H. Skeen, widow of longtime New Mexico Congressman Joe Skeen, who was appointed to fill the vacancy left by the death of Representative Avon Wilson.

Interagency Reports

Leadership from the Human Services Department (HSD); Department of Transportation (DOT); workforce agencies including the Office of Workforce Training and Development (OWTD) and Labor Department (LD); Children, Youth and Families Department (CYFD); and Higher Education Department (HED) presented a single report that reflected their views on the current situation of welfare-to-work programs under the new federal Deficit Reduction Act (DRA) and recommendations for legislative action to resolve problems that may arise from its implementation.

New Mexico Works Act

Katie Falls, HSD deputy director, led the committee through a summary of the consequences for New Mexico of the DRA, noting that HSD would be coming to the committee with specific amendments to the New Mexico Works Act in November to codify changes required by the federal legislation.

Ms. Falls explained that, prior to the DRA, states defined many of their own work requirements and work exemptions. However, with passage of the DRA, all that has changed. Now, by federal law, a state must: change who it can exempt; ensure that new documentation of work periods and supervision is in place; put in place new time limits; and institute limits on education in a "vocational" setting, among other things. These changes require new time sheets, changes to the state database, new documentation of supervision and other changes without any new money. In addition, despite the fact that lack of education is a significant barrier to many of those most persistent on New Mexico's Temporary Assistance for Needy Families (TANF) Program rolls, the state must remove adult education programs including English as a second language (ESL), general equivalency diploma (GED) and adult basic education (ABE), so that they are no longer "core" activities. Changes must be made in work readiness, domestic violence and mental health and substance abuse program activities and documentation. HSD has submitted a plan to the federal government requesting that domestic violence services be covered as an allowable activity, though it is unlikely that the services will be approved.

HSD has sought the help of a broad spectrum of the community to work through productive ways to implement the DRA with the least pain for clients. Through working sessions, the group has concluded that the more clients are engaged in their own coverage, the more successful the transition from poverty to productive work can be. Because the department originally modeled state exemptions on those in federal legislation, New Mexico has to make fewer changes than many states. HSD has asked for an exemption for a single custodial parent for a child under 12 years old to take off for the birth of each child. Clients will need to come in to HSD offices now to verify exemption based on being in the third trimester of pregnancy, being over 60 years old, having an emergency and being a single custodial parent experiencing child care issues. During such visits, caseworkers will help clients decide how they can become more employable or "work-eligible". While the proposed plan was submitted to the federal government by October 1, the approved plan is not due to return until 2007.

In implementing performance measures, HSD is recommending that two-parent families

be removed from the tally presented to the federal government because federal rules are so stringent that it is unlikely any state will be able to perform as expected. Now, 90 percent of two-parent families must be employed full-time or risk federal penalties. This requirement is especially difficult to document, as families move from being one- to two-parent families fairly frequently. The department proposes doing all it can to serve such families with state funds, including assigning a specific case manager for such situations. While taking these families out of the "count" for purposes of justifying federal funds, the department can document these families by using other more manageable programs. Committee members encouraged HSD to focus on supporting parents to remain in two-parent families as much as possible by exploring further incentives to strengthen families. Ms. Falls reported that the Las Cruces "Strengthening Families" model is a good one.

Recommended changes are to give a bonus to clients and employers for retaining TANF participants for a longer period of time and to allow families whose noncustodial parent pays child support to keep more of the money. Under the DRA, the federal government will increase funds so that families on state assistance can keep up to \$200 of child support going to a family with two or more children. Because the DRA requires more individual attention, support services and case management, HSD will be requesting eight more case managers.

Among the comments and suggestions to the department from committee members were: (1) encouraging community colleges to operate their own study halls for adult education students and to provide child care during school hours; (2) continuing to improve the quality of child care available to TANF families; and (3) researching amendments to definitions in the New Mexico Works Act to allow more flexible use of vocational education activities and continuing active support of the "DADS" and "GRADS" programs. Ms. Falls explained that the domestic violence coalition, which once coordinated state programs, was not chosen to do the same through the current request for proposals (RFP) because the structure conflicts with new TANF requirements under the DRA, because the proposal submitted was "unresponsive" and because overhead is lower without the additional level of bureaucracy; i.e., under the new structure, more money goes to direct service providers than it did before. Senator Lopez asked that the minutes reflect that the legislature prefers to know when executive branch programs or systems are changing radically despite legislative contributions to language and policymaking. She suggested that the department reach out at least to the appropriate committee leadership to let them know, even if there is nothing the committee leadership can do about the decision.

One-Stop Shop and Workforce Issues, Including Internet Technology

Len Malry, director of OWTB; Conroy Chino, secretary of labor; and Chief Information Officer Roy Soto presented a report on state transportation as well as discussing the report contained in the multiagency presentation.

After a brief review of co-location versus "virtual" co-location of workforce field offices, the presenters were persuaded to explain that tensions between the federally mandated and unwieldy local workforce boards have slowed the process of opening new one-stop centers; in fact, there are zero certified one-stops in the state, which would include the proper number and

integrated types of services. In some cases, the local boards have not wanted to locate in state facilities. The "virtual" coordination of the VOSS system is on the verge of working, Mr. Soto reported, and the state recently has migrated to Version 8 of the system. The CIO wants to change the eligibility system to "Enterprise" while continuing to maintain VOSS and has given the committee a plan to migrate information onto that system.

Committee members recommended asking for a waiver from the mandatory federal structure for the local workforce boards so that decisions can be made more effectively and so that services will become less fragmented. However, since the state pays millions of dollars every year on workforce training, the legislators expect to see something cohesive before long. The presenters were asked to provide the committee with models of waiver applications that have been successful in other states.

Discussion moved to the "Career Clusters" Guidebook, which involves seven state agencies, including the public education department (PED), in providing a framework whereby teachers and mentors can join with professionals in the field to give students pertinent field experience in a given career. Frustration with the complexity of the levels of programming and the lack of progress was widely expressed, as presenters acknowledged that some \$350 million in state funding goes toward workforce development.

Transportation

Fred Sandoval and Katie Falls, HSD; Secretary-Designee Dorian Dodson, CYFD; and Frank Sharpless and Dave Harris, DOT, presented on the issues and problems inherent in transportation in a rural state such as New Mexico.

Ms. Falls laid out the differences between JARC (Job Access and Reverse Commute) and TANF transportation funding, noting that federal JARC funds are being cut and reorganized in such a way that no matter what else happens, New Mexico loses some federal dollars. With federal changes, 60 percent of all JARC funds is set aside for urban areas, of which the state has one (Albuquerque); 20 percent is set aside for small urban areas, of which the state has two; and the remaining 20 percent is dedicated to areas with fewer than 50,000 residents.

The committee members requested creative solutions for resolving the funding crisis for rural transportation; DOT is still working on a response to the committee on such issues. Mr. Harris was uncertain whether DOT has considered earmarking some state dollars to help rural JARC programs match federal funds. The conversation moved to the possibilities of paying vehicle repairs; expanding the use of gas vouchers; approaching car dealers to request contributions of older vehicles in exchange for a tax write-off; a dealer's exchange of cars for the tax advantage in the difference in value; extending liability and minimal physical insurance coverage to drivers; and use of publicly owned transportation, including school buses, to improve the availability for services for seniors and others.

Bruce Rizzieri, regional transit manager at the Mid-Region Council of Governments, reviewed successful efforts to improve transportation services in the Albuquerque-Belen metro area through the "United We Ride" Program, which brought 15 agencies together. The various

agencies settled on common definitions and common means of tallying the number of rides and riders, invoicing and cost allocation.

The committee will request Secretary of Aging and Long-Term Services Debbie Armstrong to appear on the issue of using senior citizen vans during its last meeting. In addition, committee leadership requested that the agencies coordinate a single plan for TANF transportation in the coming year and that the lead department for each of the issues presented during the October 10 meeting be in charge of reporting during the next meeting on fiscal year 2008 funding.

TANF Education

Michelle Centrella, policy and program improvement coordinator for the ABE Division of the HED; Kathryn Cross-Maple, deputy secretary for the PED; and Ms. Falls reported on plans for education for adult TANF recipients who need to return to the workforce.

Ms. Centrella noted that ABE is available to persons 16 and older who need to concentrate on improving reading, numeracy and English literacy skills. Some 21 percent of those over 18 years old in New Mexico have not completed high school, and some five percent fall below the basic literacy level. The state now has 23 state-funded educational institutions, 19 public post-secondary institutions, three tribal colleges and one public high school that offer ABE courses, but these serve only six percent of the population. Each local program keeps its own waiting list, and most of the ABE courses are housed at community colleges. The state has 1,594 TANF clients in ABE programs, and the centralized record-keeping for the TANF ABE program is done at Eastern New Mexico University's Roswell campus.

Dr. Cross-Maple reported that the PED and HED are attempting to align and articulate course requirements and skill levels and discussed PED's general shift from a kindergarten through high school program to a pre-K through 20 curriculum, including students at both ends of the spectrum.

Representative Varela asked the ABE program coordinator to ensure that the Welfare Reform Oversight Committee hears its funding request and that it does not simply get presented with all of the other higher education requests.

Child Care

Ms. Dodson reviewed priorities in child care support for TANF clients. CYFD would like to see better access for people who need child care, better transportation services and more jobs. She also believes that TANF clients need more child care during nontraditional hours — i.e., not just between 8:00 a.m. and 5:00 p.m. The state pays \$77.5 million for child care, and Ms. Dodson expressed her concern that the state should not be providing only "warehousing" for children in state-assisted child care, but instead should provide quality child care.

CYFD will propose increases in eligibility for child care in its budget, asking to raise eligibility to 155 percent of the federal poverty level (FPL), or an income of approximately

\$25,730 annually for a family of three, to 175 percent of FPL, or an income of approximately \$29,050 for a family of three. The department used to pay subsidies for child care for families earning up to 200 percent FPL, but is not prepared to ask for funding to accomplish such a broad change in a single year. Moving to 175 percent FPL will require case management and services for an extra 1,187 clients. The department does not, however, expect to be able to handle the consequences of addressing the "cliff effect" during the coming session, fearing that it will be unable to extend the needed services to the poorest people with such a program as it essentially broadens subsidies for people at the higher income end of the employment spectrum. The department expects to "ramp up" co-pays so that the more families earn, the greater portion of tax dollars they will pay.

The department will request funding for an additional seven workers, \$4.3 million in additional funding and an additional \$500,000 for special needs populations.

TANF clients are the department's number one priority, she said, and noted that it is important to work with HSD to help people to find and retain jobs.

Child Support

Lila Bird, CYFD Office of General Counsel, talked about the department's priorities of getting child support orders and dealing with the impact of the DRA. Now, both parents must ensure that a child has health insurance, and the department can get a support order for either parent to require the provision of insurance.

CYFD will recommend replacing federal dollars with state dollars for some programs and will ask the legislature's permission to charge a \$25.00 fee for families that have never received TANF but whose child support orders were received by CYFD staff.

Discussion followed on reciprocity with other states in forgiving child support arrears, implementation of the Uniform Interstate Family Support Act, the Family Mediation Program, domestic violence and protective custody.

Recess

The committee recessed at 4:00 p.m.

Wednesday, October 11

The chair reconvened the committee at 9:15 a.m.

Low Income Home Energy Assistance Program (LIHEAP)

Cathy Sisneros, bureau chief of the Work and Family Support Bureau of HSD, introduced Loretta Williams, the LIHEAP manager within the bureau. They explained that a federal base grant for LIHEAP goes to HSD and a separate federal base grant flows directly to tribes that have established their own LIHEAP programs. They reported on the numbers of grants and the fluctuations of funds an individual recipient may get. Because the legislature held a special session last year in order to improve the odds that the poorest people could afford to be warm at home, a great influx of funds came in. The bureau went from an available budget of \$9 million to over \$31 million in a single year and served 71,794 persons as opposed to the 55,685 served the previous year.

This year, HSD is attempting to serve the same number of people, but does not expect to get the same level of state funding; hence, the amount individuals receive will be significantly reduced.

However, legislators let it be known that the department should not plan to cut back so much because there is consensus that some sort of funding package that ties state LIHEAP to some sort of steady source of income should be passed this session. Legislators did not realize that, having appropriated \$31 million, they had not funded the program in such a way that it had start-up money for this winter's heating bills.

Senator Beffort questioned the RFP process in which, according to her constituents, small businesses are cut out of the competition, and requested that HSD provide the LIHEAP RFP and a list of bidders. Her suggestion is to make the bid process available to small businesses that work only in one locale rather than statewide in order to create a market niche for small businesses.

Staff was asked to prepare bills reflecting a range of options for funding LIHEAP with a steady flow of state funds. HSD was requested to come back to the committee with a proposal for funding LIHEAP on a permanent basis.

The discussion moved to weatherization and possibilities for using such services to encourage larger energy savings. Lionel Holguin, community coordinator for the New Mexico Mortgage Finance Authority, who was in the audience awaiting his presentation, was asked to provide a precise report on weatherization projects, accounting both for the state and federal funds. He was also asked about federal orientation to raze rather than repair and rehabilitate traditional New Mexico adobe housing. Senator Ryan suggested that the state create an energy conservation entity so that any New Mexican who wants to improve the efficiency of a home can call and receive suggestions for doing so. Mr. Sandoval was asked to bring the committee the highest bills paid by consumers for energy last season.

Consequences of Homelessness

Hank Hughes, executive director, and Lisa LaBrecque, policy and advisory director, the Coalition to End Homelessness, emphasized to the committee that homelessness is high in rural

as well as urban areas, that 40 percent of homeless persons are in family groups and that half the homeless population is on the streets because of domestic violence. They estimate that a household has to earn \$12.00 per hour to afford a two-bedroom apartment in New Mexico, so having a child sick or some other event that leads to a loss of work at a lower-end job can make the difference between being on the streets and being in a home. Being homeless and moving from place to place is devastating to a child's education.

The coalition is asking the legislature for \$500,000 beyond its current \$1.45 million in funding for emergency shelter and also for long-term supportive housing services and a separate appropriation to create a dedicated funding stream for affordable housing development. They presented a handout on the cost-savings of supportive housing.

Mr. Holguin explained the federal framework for state emergency shelters, HOME grants, housing for persons living with AIDS and the use of the Governor's Housing Trust Fund for construction loans only. He said demand is so high there is no way to meet it with the current budget.

Adjournment

The committee adjourned at 11:25 a.m.